

MEDICARE HAS A SIMILAR RECORD. IN 1965, CONGRESSIONAL BUDGETERS SAID THAT IT WOULD COST \$12 BILLION IN 1990. ITS ACTUAL COST THAT YEAR WAS \$90 BILLION

The Medicare hospitalization program alone was supposed to cost \$9 billion but wound up costing \$67 billion. These aren't small forecasting errors. The rate of increase in Medicare spending has outpaced overall inflation in nearly every year (up 9.8% in 2009), so a program that began at \$4 billion now costs \$428 billion.

The Medicare program for renal disease was originally estimated in 1973 to cover 11,000 participants. Today it covers 395,000, at a cost of \$22 billion.

The 1988 Medicare home-care benefit was supposed to cost \$4 billion by 1993, but the actual cost was \$10 billion, because many more people participated than expected. This is nearly always the case with government programs because their entitlement nature—accepting everyone who meets the age or income limits—means there's no fixed annual budget.

ONE OF THE FEW HEALTH-CARE ENTITLEMENTS THAT HAS COME IN WELL BELOW THE ORIGINAL ESTIMATE IS THE 2003 MEDICARE PRESCRIPTION DRUG BILL

Those costs are now about one-third below the original projections, according to the Medicare actuaries. Part of the reason is lower than expected participation by seniors and savings from generic drugs.

But as White House budget director Peter Orszag told Congress when he ran the Congressional Budget Office, the "primary cause" of these cost savings is that "the pricing is coming in better than anticipated, and that is likely a reflection of the competition that's occurring in the private market."

The Centers for Medicare and Medicaid Services agrees, stating that "the drug plans competing for Medicare beneficiaries have been able to establish greater than expected savings from aggressive price negotiation." It adds that when given choices, "beneficiaries have overwhelmingly selected less costly drug plans."

THE RECORD IS CLEAR: GOVERNMENT COST ESTIMATES ARE EDUCATED GUESSES AND NOT COMPLETELY RELIABLE BECAUSE OF CONGRESSIONAL SPENDING. OUR COUNTRY NEEDS REAL HEALTH REFORM, TO LOWER COST AND INCREASE CHOICES, NOT INCREASED FEDERAL CONTROL

Yet today, Democrats in Congress still fight against private-competition, instead preferring government intervention and price controls—through a Medicaid expansion, a Medicare board of bureaucrats, federal mandates and regulation of all health insurance, and

This is all headed in the wrong direction. The Majority wants to increase the role of the federal government in health care and prevent private health plans from really competing.

Congress can hold insurers accountable and cover pre-existing conditions without increasing federal control of health care. The government does not have a good record with programs.

The government already controls too much of health care. Uncle Sam is directly or indirectly financially directing nearly two thirds of all health care. Roughly one out of 3 Americans is already on Medicaid and Medicare—programs which are going bankrupt.

The lesson here is that spending on nearly all federal benefit programs grows relentlessly once they are established. This history won't stop Democrats bent on pushing for a massive new tax hike and cuts to seniors on Medicare to raise money for new handouts.

Every Member who votes for the Democrats' plans is guaranteeing larger deficits and higher taxes far into the future. And that is a future we cannot afford.

Mr. COBURN. Mr. President, let's look at Washington's estimate of the cost of health care. We have just run a \$1.4 trillion deficit this last year. It is going to be bigger next year. It is going to be bigger. And we are going to have a brandnew health care system where we are going to start collecting taxes with some very minor changes in the health care system.

We are going to have the CLASS Act that is going to collect \$72 billion over the next 12 or 13 years, but we are not going to reduce the deficit because we refuse to make the hard choices to do so.

Mr. President, I ask unanimous consent to have printed in the RECORD CBO's key caveats on the pricetag of the Reid amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CBO'S KEY CAVEATS ON PRICE TAG OF REID AMENDMENT

UNLIKELY THAT KEY COST CONTAINMENT PROVISIONS REMAIN ENACTED

"These longer-term calculations assume that the provisions are enacted and remain unchanged throughout the next two decades, which is often not the case for major legislation. For example, the sustainable growth rate (SGR) mechanism governing Medicare's payments to physicians has frequently been modified (either through legislation or administrative action) to avoid reductions in those payments, and legislation to do so again is currently under consideration in the Congress."

REDUCES MEDICARE PAYMENT TO PHYSICIANS BY 21 PERCENT IN 2011

"The legislation would maintain and put into effect a number of procedures that might be difficult to sustain over a long period of time. Under current law and under the proposal, payment rates for physicians' services in Medicare would be reduced by about 21 percent in 2010 and then decline further in subsequent years."

UNACCOUNTABLE, UNELECTED BOARD OF BUREAUCRATS MUST MAKE ARBITRARY BUDGET CUTS TO ENSURE COST CONTAINMENT

"At the same time, the legislation includes a number of provisions that would constrain payment rates for other providers of Medicare services. In particular, increases in payment rates for many providers would be held below the rate of inflation (in expectation of ongoing productivity improvements in the delivery of health care). The projected longer-term savings for the legislation also assume that the Independent Payment Advisory Board is fairly effective in reducing costs beyond the reductions that would be achieved by other aspects of the legislation. Based on the extrapolation described above, CBO expects that Medicare spending under the legislation would increase at an average annual rate of roughly 6 percent during the next two decades—well below the roughly 8 percent annual growth rate of the past two decades (excluding the effect of establishing the Medicare prescription drug benefit)."

BUT CBO CANNOT PREDICT THAT QUALITY OF CARE WILL NOT DECLINE

"It is unclear whether such a reduction in the growth rate could be achieved, and if so, whether it would be accomplished through greater efficiencies in the delivery of health

care or would reduce access to care or diminish the quality of care."

ONE CHANGE COULD BLOW UP THE DEFICIT NEUTRALITY AND COSTS

"The long-term budgetary impact could be quite different if key provisions of the legislation were ultimately changed or not fully implemented. If those changes arose from future legislation, CBO would estimate their costs when that legislation was being considered by the Congress."

Mr. COBURN. Mr. President, the other statement the assistant majority leader made was that no bill was offered that they would not allow to be scored. There are four comprehensive bills out there that they have not allowed to be scored.

Tomorrow afternoon, on this same floor, RICHARD BURR and I will go through the Patients' Choice Act which saves billions, saves the States trillions, covers exactly the same number of people or more, gives everybody freedom of choice and gets the government out of health care, requires competition, requires coverage of pre-existing illness, accomplishes everything we say we want to accomplish in this bill.

So now we are getting ready to turn over \$2.5 trillion more of health care to the Federal Government. What kind of job have we done? Let's look at it for a second.

Here is what we have done this year: 43 cents out of every dollar we spent in the Federal Government we borrowed against our children. It is going to be 45 cents next year. As we spend our taxpayers' money—and, oh, by the way, I recall that the Senator from Michigan stated that we are going to improve people's lives. We are going to improve everybody's lives except the generation that follows us and their children. We are going to damage their lives.

So 43 cents of every dollar that the Federal Government spends, we are borrowing. How have we been doing? The claim is Medicare isn't broke. Anybody with a high school accounting class knows it is broke. The reason we know it is broke—and it is not only broke fiscally, it is broke in terms of methodology—is because it is a Ponzi scheme. We have robbed the money. We have promised benefits for years and never raised the taxes to pay for them. We now manage 60 percent of the health care in the country.

Medicare is broke, the State Medicaid Programs are broke, the census is broke. We heard this week that Fannie and Freddie aren't going to require just \$400 billion—that is a government-run mortgage insurance company that the Congress created—it is going to require \$800 billion, almost \$1 trillion to get us out of that. Social Security, we know, is going to be broke. It is fiscally unsustainable. The U.S. Post Office business model is broke; cash for clunkers; the highway trust fund is broke. We can't even get the \$8 billion we need to continue to run it. We have done a great job managing that. Now we are going to put another 20 percent